# CORPORATE SUPPORT OF EDUCATION 1983

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# Foreword

The recession seems finally to have had an effect on corporate contributions. Respondents to the 1983 survey, the tenth such survey jointly conducted by the Council for Financial Aid to Education and the Conference Board since 1974, reported smaller increases in both total contributions and grants to education than in 1982. This is understandable. A healthy upturn in profits in 1983 was still not enough to compensate for the three preceding years of declines. Corporate profits dropped 34.5 percent between 1979 and 1982. Nevertheless, during this period, companies increased their total gifts by 22.4 percent and their support of education by 42.0 percent. In 1983 they registered additional increases of 7.1 percent in total giving and 3.2 percent in education support. This is resounding evidence of corporate commitment to philanthropy and of the role corporations can play in strengthening education.

The fact that corporate support did not diminish during the recent recession was, of course, good news for colleges. The slowing in the rate of inflation also relieved much pressure on college budgets. And despite predictions about enrollment declines, enrollment is staying steady overall, although there are declines at some institutions.

The difficulties of the past are still with the colleges, however. Estimates of deferred maintenance needs run as high as $50 billion. Competition for the dwindling pool of 18-year-olds is fierce. Technological changes in scientific instrumentation and equipment are almost impossible to keep up with. And professorial salaries continue to lag behind those in industry in many fields.

Corporate contributions will continue to play an important role in helping the colleges deal with these difficulties. They now provide more than a fifth of all private gifts to higher education, funds which can provide the quality edge for institutions. Since much of the new knowledge and most of the educated men and women the corporate world will need to meet its challenges must come from the colleges and universities, corporate support of higher education is a gilt-edged investment in our future.

John R. Haire
President

# Corporate Support of Education 1983

## Highlights


### National Estimates / 2

**Corporate Support of Education in 1983 Rose 3.2 Percent** to an estimated $1.29 billion

**Education Still Claimed the Largest Share** of total corporate contributions at 43.0 percent, down slightly from last year

**Total Corporate Contributions Rose 7.1 Percent** in 1983 to an estimated $3 billion

### Survey Results / 3

**Gifts of Company Products and Other Property** comprised 11.5 percent of reported contributions

**More Than Half of Product Gifts Went to Education**

**Contributions by Company Foundations** exceeded receipts for the fourth year, but shortfalls were adequately covered by earnings on foundations' assets

**347 Companies in Both 1983 and 1982 Surveys** showed a 4.4 percent rise in education support

**Manufacturing Companies Increased Their Education Support** from 76.4 percent of all corporate education support in 1974 to 82.3 percent in 1983

### Appendix / 16


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Based on data reported in the Annual Survey of Corporate Contributions, cosponsored by CEAE and The Conference Board

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**Table I**
**National Trends in Corporate Pretax Net Income and Contributions**

| Year | Corporate Pretax Net Income* (billions of dollars) | Corporate Contributions (millions of dollars) | | Contributions as a Percentage of Corporate Pretax Net Income | | Educational Support as a Percentage of Total Contributions |
|---|---|---|---|---|---|---|
| | | Total** | Education*** | Total | Education | |
| 1968 | 88.5 | 1,005 | 355 | 1.14 | 0.40 | 35.3 |
| 1969 | 86.7 | 1,055 | 375 | 1.22 | 0.43 | 35.5 |
| 1970 | 75.4 | 797 | 320 | 1.06 | 0.42 | 40.2 |
| 1971 | 86.6 | 865 | 345 | 1.00 | 0.40 | 39.9 |
| 1972 | 100.6 | 1,009 | 365 | 1.00 | 0.36 | 36.2 |
| 1973 | 125.6 | 1,174 | 410 | 0.93 | 0.33 | 34.9 |
| 1974 | 136.7 | 1,200 | 445 | 0.88 | 0.33 | 37.1 |
| 1975 | 132.1 | 1,202 | 450 | 0.91 | 0.34 | 37.4 |
| 1976 | 166.3 | 1,487 | 560 | 0.89 | 0.34 | 37.7 |
| 1977 | 194.7 | 1,791 | 665 | 0.92 | 0.34 | 37.1 |
| 1978 | 229.1 | 2,084 | 780 | 0.91 | 0.34 | 37.4 |
| 1979 | 252.7 | 2,288 | 880 | 0.91 | 0.35 | 38.5 |
| 1980 | 234.6 | 2,359 | 960 | 1.01 | 0.41 | 40.7 |
| 1981 | 221.2r. | 2,514 | 1,045r. | 1.14 | 0.47r. | 41.6r. |
| 1982 | 165.5r. | 2,800***r. | 1,250r. | 1.69 | 0.76r. | 44.6r. |
| 1983 | 203.2 | 3,000*** | 1,290 | 1.48 | 0.63 | 43.0 |

*U.S. Department of Commerce.
**Internal Revenue Service.
***CFAE.
r. Revised.

# Part I. National Trends in Corporate Support of Education

Growth in corporate support of education slowed in 1983. Gifts to education reached an estimated total of $1.29 billion, a rise of $40 million, or 3.2 percent, over education support in 1982 (see **Table I**). This is the smallest increase in education contributions since 1975, a recession year in which education grants grew only 1.1 percent. Since profits rose in 1983 more than giving increased, the ratio of education support to pretax net income (PTNI) declined, but it is still at the second highest level since the first national estimates in 1950. This slowdown in growth also meant that education claimed a slightly lower share of total contributions in 1983, although it remained the number-one recipient of corporate gifts.

Total corporate contributions increased to an estimated $3 billion in 1983. This was an increase of 7.1 percent, or $200 million, over 1982. Again, the 22.8 percent rise in profits in 1983 meant that the share of PTNI devoted to philanthropy dropped slightly from the record high level in 1982 when profits were low.

During the 15 years shown in Table I, profits declined in three periods. In only one of these did contributions to all causes, including education, also decline. They each dropped in 1970, the second year of the recession, and did not surpass their 1969 level until three years later, in 1973. Notably, the three years of profit declines beginning in 1980 had no such effect on contributions. Grants to all causes and to education continued to rise despite a 34.5 percent drop in profits between 1979 and 1982. Seemingly, the only negative effect was a slowing down in growth of total contributions and of education grants in 1983, during the economic turnaround.

The ability of corporate contributions programs to expand during such an extended period of profit downturns is due in large part to the existence of corporate foundations. Foundations can maintain or increase their grants during recessions by using earnings on their assets, by dipping into their assets or by a combination of the two, and make up for cuts in contributions by their sponsoring companies. In periods of high profits, corporations pay more into their foundations than the foundations pay out, thus enabling the foundations to replenish assets.

In addition, the Economic Recovery Tax Act of 1981 spurred increased donations of company products by granting enhanced tax deductions for inventory items given to educational institutions for research or training in research. Gifts from inventory are especially attractive in recession periods. They lower the value of inventory on hand and do not act as a drain on cash.

The total contributions reported in Table I are those reported to the Internal Revenue Service (IRS) on income tax returns. They include transfer payments made *to* corporate

foundations but do not include contributions made *by* the foundations. In 1980, 1981 and 1982, as is common in recession periods, payments into foundations were smaller than the grants they made. Indeed, the deficits between grants into and payments out of these foundations grew larger each succeeding year and have continued into 1983, despite the rise in profits. (See Table V, page 6, for details.) The figures reported to the IRS thus understate the actual flow of corporate contributions during foundation deficit periods and overstate the flow when contributions to foundations exceed their grants.

CFAE's estimates of education support, on the other hand, include the gifts and grants made *by* the foundations but exclude company payments *to* them. This provides a more accurate estimate of corporate monies actually received by donees than do the government figures.

## The Effects of Inflation

Much of the growth in total contributions, especially in the last 15 years, has been due to inflation. During the late 1960s and early 1970s the Consumer Price Index (CPI), the most commonly used measure of inflation, rose about 5 percent a year. Total contributions rose less—about 3 percent a year. In 1974 inflation reached a double-digit level (11 percent) and repeated this performance five years later, recording double-digit rises for three years before dropping to 6.1 percent in 1982 and 3.2 percent in 1983. The real growth rates of contributions and of PTNI were therefore very low in relation to amounts stated in current dollars. The average annual growth rates for the CPI, PTNI and corporate contributions—both total and to education—between 1968 and 1983 follows:

**Average Annual Growth Rates**

| | | | Corporate Contributions | |
|---|---|---|---|---|
| | CPI | PTNI | Total | Education |
| 1968-1973 | 5.0% | 7.3% | 3.2% | 2.9% |
| 1973-1978 | 8.0 | 12.8 | 12.2 | 12.7 |
| 1978-1983 | 8.8 | 2.4 | 7.6 | 10.6 |
| 1968-1983 | 7.3 | 6.9 | 7.6 | 9.0 |

Total contributions just about kept pace with inflation, growing at an average annual rate of 0.3 percent in real terms between 1968 and 1983. Education support did slightly better during that period rising an average 1.6 percent a year in real terms.

The eroding effect of inflation on corporate contributions to education is shown graphically in **Chart 1**. In current dollars gifts ascended steadily and steeply between 1975 and 1982, slowing only in 1983. When current dollars are adjusted to constant dollars using the CPI (1967 = 100), the picture changes. In constant dollars education contributions rose in some of the subsequent years; in others they declined. Overall they have grown, but not nearly as much as the current-dollar figures would suggest.

**Chart 1**
**Estimated Corporate Contributions to Education, 1967-1983** (millions of dollars)

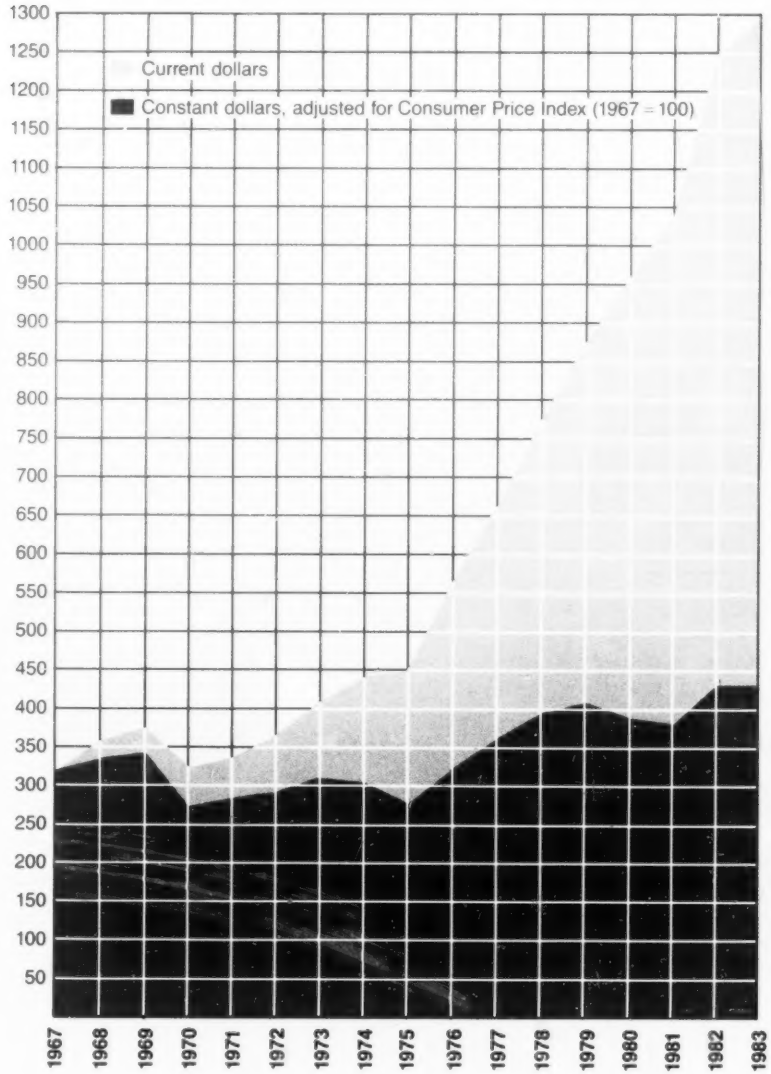


**Table II**
**Corporate Support of Colleges and Universities in Relation to Total Voluntary Support and Institutional Expenditures**

| Year | Total Expenditures of Institutions of Higher Education* (billions of dollars) | Voluntary Support of Institutions of Higher Education** (millions of dollars) | | Voluntary Support as a Percentage of Institutional Expenditures | | Corporate Support as a Percentage of Total Voluntary Support |
|---|---|---|---|---|---|---|
| | | Total | Corporate | Total | Corporate | |
| 1968-69 | 22.0 | 1,800 | 272 | 8.2 | 1.2 | 15.1 |
| 1969-70 | 24.7 | 1,780 | 269 | 7.2 | 1.1 | 15.1 |
| 1970-71 | 26.9 | 1,860 | 259 | 6.9 | 1.0 | 13.9 |
| 1971-72 | 29.1 | 2,020 | 275 | 6.9 | 0.9 | 13.6 |
| 1972-73 | 31.3 | 2,240 | 318 | 7.1 | 1.0 | 14.2 |
| 1973-74 | 34.2 | 2,240 | 354 | 6.5 | 1.0 | 15.8 |
| 1974-75 | 38.9 | 2,160 | 357 | 5.6 | 0.9 | 16.5 |
| 1975-76 | 42.6 | 2,410 | 379 | 5.6 | 0.9 | 15.7 |
| 1976-77 | 46.1 | 2,670 | 446 | 5.8 | 1.0 | 16.7 |
| 1977-78 | 49.4 | 3,040 | 508 | 6.1 | 1.0 | 16.7 |
| 1978-79 | 54.1 | 3,230 | 556 | 6.0 | 1.0 | 17.2 |
| 1979-80 | 62.5 | 3,800 | 696 | 6.1 | 1.1 | 18.3 |
| 1980-81 | 70.5 | 4,230 | 778 | 6.0 | 1.1 | 18.4 |
| 1981-82 | 77.3 | 4,860 | 976 | 6.3 | 1.3 | 20.1 |
| 1982-83 | 83.3 | 5,160 | 1,112 | 6.2 | 1.3 | 21.5 |
| 1983-84p. | 90.0 | 5,500 | 1,180 | 6.1 | 1.3 | 21.4 |

*U.S. Department of Education.
**Estimates by CFAE from Surveys of Voluntary Support of Education.
p Preliminary.

## The Importance of Corporate Support to Higher Education

Corporations have historically channeled between 70 and 75 percent of their total education support directly to colleges and universities. Prior to the early 1970s this support accounted for between 14 and 16 percent of all voluntary support received by the colleges. The picture began to change in the last decade, however, as can be seen in **Table II**. Corporate support rose 5.4 percent a year in the early 1970s, grew at an average rate of 9.4 percent in the last half of that decade and exploded in the last five years—rising on average 16.2 percent each year from 1978-79 to 1983-84. Since total private gifts to colleges did not expand as fast, corporate support provided an increasing share of these grants. In the last three academic years corporate donations accounted for more than a fifth of all voluntary support.

Between 1968-69 and 1973-74 institutional expenditures rose more rapidly than either total voluntary support or corporate gifts. Fueled by large increases in enrollment, by the establishment of new colleges—especially public two- and four-year institutions—and by inflation, college budgets rose an average 9.2 percent each year. Subsequent five-year periods saw even higher rates of increase. Between 1973-74 and 1978-79 expenditures rose an average 9.6 percent each year and grew an average 10.7 percent annually between 1978-79 and 1983-84. Total voluntary support and corporate support did not match this explosive growth until the last five years, when total gifts rose an average 11.2 percent each year, and corporate support grew at an average annual rate of 16.2 percent. These growth rates are smaller when adjusted for inflation.

Neither total voluntary support nor corporate support is as important to college budgets as both were prior to the mid-1960s. All private gifts then supplied between 10 and 14 percent and corporate support between 1.4 and 1.9 percent of total institutional expenditures.

Colleges and universities have always relied upon private gifts and most of these monies came from individuals and foundations. The largest share went to private institutions. Recently, patterns have changed. Colleges are increasingly approaching corporations for support. And public institutions, realizing that they cannot rely completely on public funds, increasingly are raising money from the private sector.

Donors—both individuals and corporations—are aware of college needs and are responding to requests for funds. Matching-gift programs have been established in over 1,000 corporations and are responsible for some of the growth in corporate grants. Gifts of company products, encouraged by the Economic Recovery Tax Act of 1981, as well as gifts of other property have also been major factors in helping corporate support of education grow.

## Part II.
## The Survey Results

A total of 503 companies responded to the 1983 Annual Survey of Contributions, jointly conducted by the Council for Financial Aid to Education and the Conference Board. In 1982 the survey sample was restructured to include the *Fortune* 1,000 manufacturing companies, the top 50 or 100 of each nonmanufacturing industry group and other companies with contributions budgets of $100,000 or more. Previous research has found that corporations with assets of $100 million or more accounted for 62 percent of all corporate contributions although they comprised less than 1 percent of the total corporate community. Or, expressed differently, corporations reporting gifts of $100,000 or more were less than 1 percent of all corporations, but their donations were 65 percent of all corporate gifts. The respondents to this survey, although not representative of the entire corporate community, do represent those who give the largest share of total corporate contributions.

As can be seen in **Table III,** the largest share of corporate contributions between 1980 and 1983 went to education. Education has been receiving between 35 and 41 percent of corporate gifts since this joint survey was begun in 1974. The proportion of gifts to health and human services has declined steadily, slipping from a high of 41.2 percent in 1975 to the current 28.7 percent. Both culture and art and civic activities have increased their shares of total corporate contributions over this period.

As in the 1982 survey, data were gathered in 1983 about total donations of company products and other property. The totals in each year were very similar, but the mix of company products and other property was quite different. (See **Table IVA**.)

Amounts given specifically to education were also asked for in 1983 (see **Table IVB**). Manufacturers of electrical machinery—especially computers—made the largest product donations in 1982, but they were almost equaled by makers of pharmaceuticals and chemicals in 1983. The numbers are not really comparable, however. For one thing, the sample of companies reporting these details is different each year. More important is the length of the time lag between the commitment of a donation and the actual delivery of the product, when the donation is reported. These differences make the data reported "lumpy."

The size of company product gifts and the industry giving them varied widely among respondents. The largest amount given in products reported by a single company was $13,899,206, the smallest $140. The mean amount was $1,651,046, but the median was $15,131, indicating that a large number of companies made very small product donations.

These amounts were those reported on the respondents' income tax returns. They may differ signifi-

**Table III**
**Percentage Distribution of Corporate Contributions**

| | 1980 | 1981 | 1982 | 1983 |
|---|---|---|---|---|
| Education | 37.8% | 36.7% | 40.7% | 39.0% |
| Health and Human Services | 34.0 | 33.6 | 31.0 | 28.7 |
| Culture and Art | 10.9 | 11.9 | 11.4 | 11.4 |
| Civic Activities | 11.7 | 11.7 | 11.7 | 14.8 |
| Other | 5.6 | 6.1 | 5.2 | 6.1 |
| | 100.0% | 100.0% | 100.0% | 100.0% |

**Table IVA**
**Company Gifts by Type**
**(thousands of dollars)**

| | 1982 | | 1983 | |
|---|---|---|---|---|
| | Amount | % of Total | Amount | % of Total |
| Cash and securities | $1,084,013 | 89.2 | $1,113,730 | 88.5 |
| Company products | 98,175r. | 8.1 | 84,312 | 6.7 |
| Other property | 35,300 | 2.9 | 60,386 | 4.8 |
| Total | $1,217,488r. | 100.0 | $1,258,428 | 100.0 |

r. Revised.

**Table IVB**
**Gifts of Company Products, by Industry**
**(thousands of dollars)**

| | 1982 | | 1983 | | | |
|---|---|---|---|---|---|---|
| Industry | Total | % of Total | Total | % of Total | Education | Ed as % of Total |
| Electrical Machinery | $50,188 (21) | 51.9 | $38,070 (16) | 45.2 | $32,257 (13) | 84.7 |
| Pharmaceuticals and Chemicals | 26,575 (20) | 27.5 | 37,112 (19) | 44.0 | 14,815 (4) | 39.9 |
| Food, Beverage and Tobacco | 10,487 (11) | 10.9 | 6,596 (12) | 7.8 | 19 (2) | 0.3 |
| All Other | 9,359 (50) | 9.7 | 2,534 (33) | 3.0 | 233 (6) | 9.2 |
| Total | $96,609 (102) | 100.0 | $84,312 (80) | 100.0 | $47,324 (25) | 56.1 |

(Numbers in parentheses show the number of companies reporting.)

**Table V**
**Structure of Corporate Contributions**
**(millions of dollars)**

| | 1978 | 1979 | 1980 | 1981 | 1982 | 1983 |
|---|---|---|---|---|---|---|
| Total Company Gifts | $834.4 (740) | $855.7 (763) | $944.7 (709) | $1,039.1 (768) | $1,116.8 (519) | $1,250.7 (484) |
| Less: Gifts to Company Foundations | 418.7 (249) | 372.1 (291) | 381.4 (249) | 361.6 (239) | 367.1 (186) | 435.7 (159) |
| Direct Company Gifts to Others | 415.7 (697) | 483.6 (722) | 563.3 (661) | 677.5 (735) | 749.7 (494) | 815.0 (461) |
| Plus: Company Foundation Gifts | 277.5 (329) | 351.9 (352) | 431.3 (353) | 493.3 (359) | 531.9 (286) | 553.0 (270) |
| Total Corporate Contributions | $693.2 (759) | $835.5 (786) | $994.6 (732) | $1,170.8 (789) | $1,281.6 (534) | $1,368.0 (503) |
| Difference Between Foundation Receipts and Foundation Gifts | +141.2 | + 20.2 | − 49.9 | −131.7 | −164.8 | −117.3 |
| Cumulative Change from 1974 | +142.1 | +162.3 | +112.4 | − 19.3 | −184.1 | −301.4 |
| Number of Companies with Foundations | 345 | 379 | 376 | 389 | 297 | 283 |

(Numbers in parentheses show the number of companies reporting.)

**Table VI**
**Percentage of Reporting Companies with Corporate Foundations, by Industry, 1983**

| Industry | Percentage |
|---|---|
| **MANUFACTURING** | |
| Primary Metals (15) | 93.8 |
| Transportation Equipment (15) | 88.2 |
| Machinery (15) | 75.0 |
| Fabricated Metals (8) | 72.7 |
| Textiles & Apparel (8) | 66.7 |
| Chemicals (21) | 65.6 |
| Rubber (5) | 62.5 |
| Food, Beverage & Tobacco (18) | 62.1 |
| Printing & Publishing (8) | 61.5 |
| Paper & Allied Products (11) | 61.1 |
| Electrical Machinery (22) | 59.5 |
| Pharmaceuticals (10) | 58.8 |
| Petroleum & Gas (12) | 57.1 |
| Stone, Clay & Glass (4) | 40.0 |
| All Manufacturing (172) | 65.2 |

| Industry | Percentage |
|---|---|
| **NONMANUFACTURING** | |
| Engineering & Construction (2) | 66.7 |
| Banks (37) | 62.7 |
| Finance (5) | 62.5 |
| Insurance (36) | 62.1 |
| Merchandising (10) | 58.8 |
| Business Services (5) | 50.0 |
| Transportation (4) | 44.4 |
| Utilities (11) | 19.6 |
| Telecommunications (1) | 5.3 |
| All Nonmanufacturing (111) | 46.4 |
| ALL COMPANIES (283) | 56.3 |

(Numbers in parentheses show the number of foundations.)

cantly from the values reported by the donees, which usually are the list price, a higher figure.

Many companies also made donations of company products and other property that were not reported as contributions. In 1982 these unreported gifts amounted to $86 million; in 1983 they dropped to $26.8 million. They often are excess or used items and are therefore unplanned and sporadic.

As in 1982 company-sponsored foundations made few of the property gifts, confining themselves primarily to cash grants.

In 1974 foundation gifts accounted for about 35 percent of all corporate support. Since 1978 they have comprised between 40 and 42 percent of total corporate gifts (see **Table V**). Since corporate profits rose in 1983, a number of respondents began replenishing the reserves of their foundations, covering some of the deficits incurred during the recession. Nineteen of the 283 companies with foundations, however, made no payments into their foundations. Most of the increases in foundation gifts came from the manufacturing companies, whose profits improved at a better rate than profits of the nonmanufacturing industries. Foundation gifts paid out still continued to exceed payments received in 1983.

Foundations occur more frequently in manufacturing industries than they do in the nonmanufacturing sectors (see **Table VI**). Manufacturing tends to be cyclical, and manufacturing companies therefore benefit more than nonmanufacturers

from the stabilizing effect that is a major reason for establishing a foundation. In most cases both the company and its foundation made contributions. In 23 instances, however (or 8.1 percent of all respondents with foundations), the parent company made no direct gifts, using the foundation exclusively for its contributions program. Thirty-three of the insurance and banking companies used Clifford Trusts for foundation giving. A Clifford Trust is an agreement by which a corporation sets aside a specified amount of assets for 10 years and 1 day. The income generated by these assets can be used only for charitable purposes. At the end of the period, the funds originally set aside revert to the corporation, and the trust is dissolved; however, they can be used to establish a new Clifford Trust if desired.

Grants to foundations from their parent companies are only one index of the foundations' grant-making capability. Also important are the earnings on the foundations' accumulated assets. Often these earnings enable a foundation to continue grant programs without dipping into capital. The importance of these earnings, especially to the manufacturing industry foundations, is highlighted in **Table VII**. The earnings of $106 million were almost 30 percent of the total foundation grants made by these companies. The foundations in half of the manufacturing industries would have shown cash-flow deficits without the earnings from their assets.

The extent of these assets is shown

**Table VII**
**Foundation Cash Flow, by Industry, 1983**

| Industry | Payments into Foundations | Earnings | Grants Made by Foundations | Net Change |
|---|---|---|---|---|
| **MANUFACTURING** | | | | |
| Chemicals(12) | $ 34,607,554 | $ 3,432,433 | $ 36,045,266 | +$ 1,994,721 |
| Electrical Machinery(13) | 51,706,448 | 17,395,189 | 37,682,555 | + 31,419,082 |
| Fabricated Metals(5) | 3,156,950 | 824,416 | 2,389,756 | + 1,591,610 |
| Food, Beverage & Tobacco(9) | 18,894,585 | 6,436,916 | 15,330,457 | + 10,001,044 |
| Machinery(7) | 6,381,400 | 1,106,145 | 7,458,074 | + 29,471 |
| Paper & Allied Products(6) | 2,971,921 | 6,014,007 | 6,290,381 | + 2,695,547 |
| Petroleum & Gas(7) | 96,430,689 | 26,172,973 | 101,908,051 | + 20,695,611 |
| Pharmaceuticals(6) | 15,375,000 | 1,582,943 | 12,431,928 | + 4,526,015 |
| Primary Metals(5) | 3,794,138 | 4,740,340 | 12,087,619 | – 3,553,141 |
| Printing & Publishing(5) | 5,952,500 | 686,311 | 4,970,340 | + 1,668,471 |
| Rubber(2) | 544,000 | 1,281,153 | 1,144,436 | + 680,717 |
| Stone, Clay & Glass(2) | 3,760,147 | 3,898,540 | 4,980,367 | + 2,678,320 |
| Textiles & Apparel(5) | 9,347,000 | 2,089,494 | 6,501,669 | + 4,934,825 |
| Transportation Equipment(4) | 40,300,000 | 11,973,869 | 36,174,073 | + 16,099,796 |
| Total(88) | $293,222,332 | $ 87,634,729 | $285,394,972 | +$ 95,462,089 |
| **NONMANUFACTURING** | | | | |
| Banks(13) | $ 15,354,771 | $ 4,514,480 | $ 14,020,863 | +$ 5,848,388 |
| Business Services(2) | 6,000,000 | 723,481 | 2,849,179 | + 3,874,302 |
| Engineering & Construction(1) | 15,000 | 79,312 | 454,471 | – 360,159 |
| Finance(3) | 5,787,650 | 629,452 | 5,640,405 | + 776,697 |
| Insurance(9) | 33,165,005 | 8,841,037 | 25,753,137 | + 16,252,905 |
| Merchandising(3) | 13,031,000 | 1,221,578 | 9,833,220 | + 4,419,358 |
| Telecommunications(1) | 6,256,750 | 586,642 | 6,418,750 | + 424,642 |
| Transportation(2) | 2,850,000 | 97,430 | 1,924,290 | + 1,023,140 |
| Utilities(6) | 7,000,000 | 1,959,674 | 5,871,876 | + 3,087,798 |
| Total(40) | $ 89,460,176 | $ 18,653,086 | $ 72,766,191 | +$ 35,347,071 |
| GRAND TOTAL(128) | $382,682,508 | $106,287,815 | $358,161,163 | +$130,809,160 |

(Numbers in parentheses show the number of companies reporting.)

**Table VIII**
**Changes in Market Value of Corporate Foundation Assets, by Industry, 1983**

| | Assets as of 12/31/82 | Assets as of 12/31/83 | Net Change in Assets* | % Change |
|---|---|---|---|---|
| **MANUFACTURING** | | | | |
| Chemicals(21) | $ 101,024,824 | $ 95,765,040 | − $ 5,259,784 | − 5.2 |
| Electrical Machinery(18) | 169,829,264 | 202,098,214 | + 32,268,950 | + 19.0 |
| Fabricated Metals(7) | 12,198,345 | 14,181,046 | + 1,982,701 | + 16.3 |
| Food, Beverage & Tobacco(12) | 56,064,847 | 63,221,225 | + 7,156,378 | + 12.8 |
| Machinery(14) | 58,673,398 | 53,923,781 | − 4,749,617 | − 8.1 |
| Paper & Allied Products(9) | 40,000,656 | 47,269,659 | + 7,269,003 | + 18.2 |
| Petroleum & Gas(11) | 247,834,382 | 252,281,614 | + 4,447,232 | + 1.8 |
| Pharmaceuticals(9) | 24,803,274 | 34,718,443 | + 9,915,169 | + 40.0 |
| Primary Metals(14) | 224,577,869 | 235,947,598 | + 11,369,729 | + 5.1 |
| Printing & Publishing(7) | 9,644,923 | 13,090,845 | + 3,445,922 | + 35.7 |
| Rubber(4) | 27,542,136 | 30,898,064 | + 3,355,928 | + 12.2 |
| Stone, Clay & Glass(3) | 19,201,827 | 20,967,587 | + 1,765,760 | + 9.2 |
| Textiles & Apparel(7) | 28,987,196 | 30,223,484 | + 1,236,288 | + 4.3 |
| Transportation Equipment(13) | 180,817,119 | 202,844,696 | + 22,027,577 | + 12.2 |
| Total(149) | $1,201,200,060 | $1,297,431,296 | + $ 96,231,236 | + 8.0 |
| **NONMANUFACTURING** | | | | |
| Banks(29) | $ 134,878,252 | $ 134,751,257 | − $ 126,995 | − 0.1 |
| Business Services(4) | 10,077,010 | 14,404,657 | + 4,327,647 | + 42.9 |
| Engineering & Construction(2) | 2,131,344 | 1,712,548 | − 418,796 | − 19.6 |
| Finance(3) | 10,531,763 | 13,292,684 | + 2,760,921 | + 26.2 |
| Insurance(14) | 194,850,782 | 224,741,620 | + 29,890,838 | + 15.3 |
| Merchandising(8) | 22,609,565 | 22,508,410 | − 101,155 | − 0.4 |
| Telecommunications(1) | 8,696,431 | 9,279,436 | + 583,005 | + 6.7 |
| Transportation(3) | 7,345,858 | 1,741,938 | − 5,603,920 | − 76.3 |
| Utilities(9) | 22,256,421 | 25,365,012 | + 3,108,591 | + 14.0 |
| Total(93) | $ 413,377,426 | $ 447,797,562 | + $ 34,420,136 | + 8.3 |
| GRAND TOTAL(242) | $1,614,577,486 | $1,745,228,858 | + $130,651,372 | + 8.1 |

(Numbers in parentheses show the number of companies reporting.)
*Some of the companies reported face value of bonds, which did not change during the year.

on **Table VIII**. More of the manufacturing industries showed increases in the assets of their foundations in 1983 than in 1982, whereas more of the nonmanufacturing industries showed decreases in the assets of their foundations in 1983 than in 1982. The $1.7 billion in reserves provides great stability to corporate philanthropy.

## Comparisons Over Time

Most companies report financial data on a worldwide basis, but some also report on United States operations only. The relationship between contributions and two financial measures—pretax net income (PTNI) and assets—for companies reporting in these two ways is shown in **Table IX**. The ratios of total giving to PTNI for both worldwide and United States only operations declined (profits were up more than contributions), while the ratios of total giving to assets were both up (assets in both cases were down).

The ratios of education support to both measures, on the other hand, did not move in the same tandem fashion for worldwide and United States only data. Education support from the companies reporting on a worldwide basis increased minimally as profits rose substantially, producing a lower ratio of education support to worldwide PTNI in 1983 than in the previous year. Education support by the companies reporting on a United States only basis, on the other hand, rose only slightly more than their profits, so the PTNI ratio remained about the same.

**Table IX**
**Total Contributions and Support of Education in Relation to Worldwide and U.S. Only Pretax Net Income and Assets (000 omitted)**

| **Worldwide** | 1983<br>471 companies | 1982<br>513 companies | 1981<br>712 companies | 1980<br>659 companies | 1979<br>730 companies | 1978<br>711 companies |
|---|---|---|---|---|---|---|
| Total Contributions | $ 1,327,838 | $ 1,255,464 | $ 1,116,261 | $ 959,249 | $ 805,521 | $ 671,721 |
| Support of Education | 516,249 | 511,725 | 407,270 | 362,494 | 303,876 | 248,334 |
| Pretax Net Income | 151,570,000 | 134,746,000 | 165,277,000 | 164,735,000 | 159,841,000 | 138,496,000 |
| Assets | 2,847,531,000 | 2,921,421,000 | 2,959,364,000 | 2,642,819,000 | 2,352,594,000 | 2,082,603,800 |
| Total Contributions as % of: | | | | | | |
| Pretax Net Income | 0.876 | 0.932 | 0.675 | 0.582 | 0.503 | 0.485 |
| Assets | 0.047 | 0.043 | 0.038 | 0.036 | 0.034 | 0.032 |
| Support of Education as % of: | | | | | | |
| Pretax Net Income | 0.341 | 0.380 | 0.246 | 0.220 | 0.190 | 0.179 |
| Assets | 0.018 | 0.018 | 0.014 | 0.014 | 0.013 | 0.012 |
| Support of Education as % of Total Contributions | 38.9 | 40.8 | 36.4 | 37.8 | 37.7 | 37.0 |

| **U.S. Only** | 368 companies | 383 companies | 525 companies | 477 companies | 543 companies | 528 companies |
|---|---|---|---|---|---|---|
| Total Contributions | $ 1,011,495 | $ 918,595 | $ 681,494 | $ 532,260 | $ 498,063 | $ 411,676 |
| Support of Education | 405,999 | 358,383 | 235,115 | 192,482 | 188,832 | 145,458 |
| Pretax Net Income | 89,071,000 | 79,334,000 | 81,833,000 | 65,963,000 | 74,711,000 | 68,835,900 |
| Assets | 1,600,636,000 | 1,637,241,000 | 1,552,140,000 | 1,190,370,000 | 1,218,375,000 | 1,184,678,000 |
| Total Contributions as % of: | | | | | | |
| Pretax Net Income | 1.136 | 1.158 | 0.833 | 0.807 | 0.667 | 0.598 |
| Assets | 0.063 | 0.056 | 0.044 | 0.045 | 0.041 | 0.034 |
| Support of Education as % of: | | | | | | |
| Pretax Net Income | 0.456 | 0.452 | 0.287 | 0.292 | 0.253 | 0.211 |
| Assets | 0.025 | 0.022 | 0.015 | 0.016 | 0.015 | 0.012 |
| Support of Education as % of Total Contributions | 40.1 | 39.0 | 34.5 | 36.2 | 37.9 | 35.3 |

**Table X**
**Support of Education, Two Survey Years**
**(347 Companies Participating in Both Surveys)**

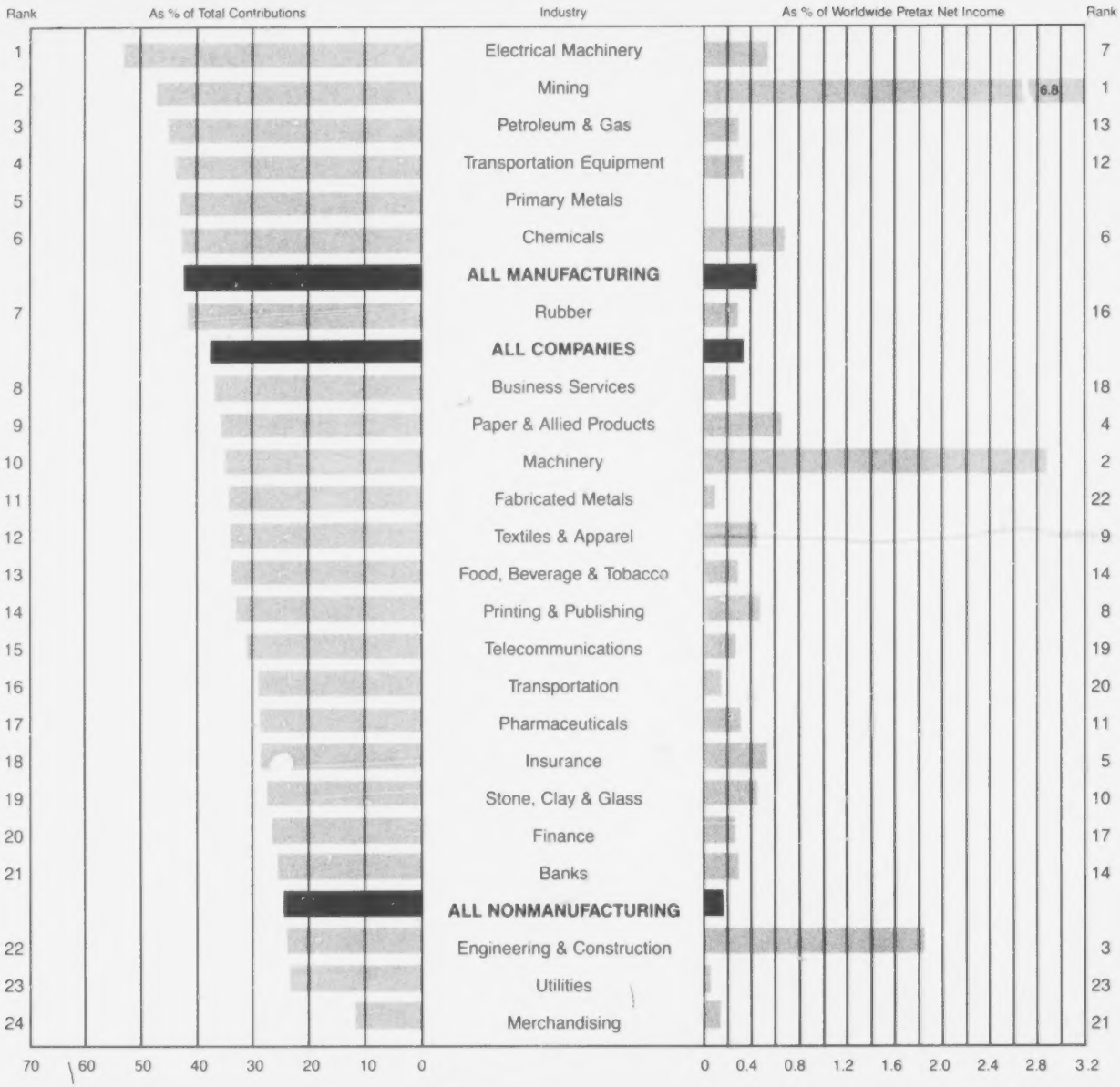
| Industry | 1983 Worldwide Pretax Net Income (millions) | 1983 Support of Education Amount (000) | 1983 Support of Education % of PTNI | 1983 Support of Education % of Total Contributions | 1982 Worldwide Pretax Net Income (millions) | 1982 Support of Education Amount (000) | 1982 Support of Education % of PTNI | 1982 Support of Education % of Total Contributions | % Change 1983-1982 Education | % Change 1983-1982 PTNI | % Change 1983-1982 Total Contributions |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **MANUFACTURING** | | | | | | | | | | | |
| Chemicals(25) | $ 11,922 | $ 67,332 | .565 | 43.4 | $ 11,307 | $ 55,821 | .494 | 50.0 | + 20.6 | + 5.4 | + 38.7 |
| Electrical Machinery(28) | 17,934 | 83,180 | .464 | 51.4 | 16,323 | 96,502 | .591 | 59.4 | - 13.8 | - 9.9 | - 0.6 |
| Fabricated Metals(6) | 441 | 1,311 | .297 | 33.4 | 332 | 1,445 | .435 | 35.4 | - 9.3 | - 32.8 | - 4.1 |
| Food, Beverage & Tobacco(19) | 8,549 | 26,986 | .316 | 33.8 | 7,828 | 29,203 | .373 | 37.4 | - 7.6 | - 9.2 | - 2.2 |
| Machinery(14) | 99 | 5,847 | — | 32.7 | 127 | 7,707 | — | 37.4 | - 24.1 | — | - 13.2 |
| Mining(3) | 5 | 337 | 6.784 | 48.8 | 90 | 193 | — | 24.9 | + 74.6 | — | - 10.7 |
| Paper & Allied Products(13) | 1,063 | 7,285 | .685 | 36.3 | 646 | 7,361 | 1.139 | 33.5 | - 1.0 | - 64.6 | - 8.6 |
| Petroleum & Gas(18) | 36,809 | 111,585 | .303 | 48.3 | 36,083 | 102,386 | .284 | 46.3 | + 9.0 | + 2.0 | + 4.3 |
| Pharmaceuticals(16) | 4,913 | 16,928 | .345 | 29.7 | 4,463 | 13,677 | .306 | 30.9 | + 23.8 | - 10.1 | - 28.7 |
| Primary Metals(13) | 1,130 | 14,734 | — | 43.9 | 3,401 | 14,737 | — | 45.0 | n.s. | — | - 2.5 |
| Printing & Publishing(9) | 1,047 | 6,153 | .588 | 35.0 | 1,203 | 5,825 | .484 | 37.5 | + 5.6 | - 13.0 | - 13.1 |
| Rubber(4) | 709 | 2,067 | .292 | 42.9 | 434 | 2,360 | .544 | 35.7 | - 12.4 | - 63.4 | - 27.1 |
| Stone, Clay & Glass(7) | 747 | 3,583 | .480 | 29.4 | 411 | 4,580 | 1.115 | 35.8 | - 21.8 | - 81.8 | - 4.8 |
| Textiles & Apparel(6) | 682 | 2,815 | .413 | 30.6 | 445 | 2,313 | .520 | 28.0 | + 21.7 | - 53.3 | - 11.2 |
| Transportation Equipment(12) | 11,375 | 38,945 | .342 | 45.* | 2,622 | 34,110 | 1.301 | 45.8 | + 14.2 | - 333.8 | - 15.8 |
| Total(193) | $ 94,965 | $389,089 | .410 | 43.7 | $ 78,478 | $378,221 | .482 | 46.4 | + 2.9 | + 21.0 | + 9.1 |
| **NONMANUFACTURING** | | | | | | | | | | | |
| Banks(32) | $ 6,114 | $ 17,800 | .291 | 27.9 | $ 5,709 | $ 16,575 | .290 | 28.6 | + 7.4 | + 7.1 | + 10.1 |
| Business Services(7) | 934 | 2,349 | .251 | 36.1 | 876 | 1,992 | .227 | 33.2 | + 17.9 | + 6.6 | + 8.5 |
| Engineering & Construction(1) | 17 | 85 | — | 23.7 | 10 | 88 | — | 19.1 | + 3.4 | — | + 22.2 |
| Finance(5) | 1,021 | 2,823 | .276 | 27.3 | 1,143 | 2,151 | .188 | 28.2 | + 31.2 | + 10.7 | + 35.5 |
| Insurance(35) | 2,664* | 15,127 | .568 | 31.7 | 2,768* | 13,731 | .496 | 31.4 | + 10.2 | - 3.8 | + 9.4 |
| Merchandising(11) | 1,999 | 3,577 | .179 | 9.5 | 1,338 | 3,247 | .243 | 11.0 | + 10.2 | + 49.4 | + 27.5 |
| Telecommunications(16) | 10,832 | 18,325 | .169 | 29.4 | 9,582 | 14,622 | .153 | 30.1 | + 25.3 | + 13.0 | + 28.4 |
| Transportation(6) | 1,335 | 3,194 | .239 | 29.7 | 854 | 3,291 | .386 | 32.2 | - 2.9 | + 56.3 | + 5.3 |
| Utilities(41) | 13,025 | 9,511 | .073 | 25.6 | 10,980 | 8,221 | .075 | 26.6 | + 15.7 | - 18.6 | + 20.3 |
| Total(154) | $ 37,908 | $ 72,791 | .192 | 26.3 | $ 33,239 | $ 63,918 | .192 | 27.2 | + 13.9 | + 14.0 | + 17.8 |
| GRAND TOTAL(347) | $132,873 | $461,881 | .348 | 39.6 | $111,718 | $442,140 | .396 | 42.1 | + 4.4 | + 18.9 | + 11.1 |

(Numbers in parentheses show the number of companies reporting.)

*Insurance company figures are based on "net gain from operations after dividends to policyholders and before federal income tax, excluding capital gains and losses"—the closest measure to pretax net income of corporations generally.

The data reported in the previous tables are useful but cannot be used to assess real changes over time, since the sample of reporting companies is different every year. **Table X**, however, reports the experiences of companies that participated in both 1982 and 1983. These results confirm trends seen earlier. Despite a larger overall increase in PTNI for the manufacturing companies, their gifts both to education and to all causes did not rise as fast as did those of the nonmanufacturing companies, whose profit growth was slower. Since manufacturing companies historically have given a much larger share of their total contributions and of their PTNI to education than have the nonmanufacturing companies, the decreases in education donations by many of the manufacturing industries were largely responsible for the low rate of growth in support of education in 1983. This increase was the lowest reported by the two-survey core group of companies since 1975.

**Chart 2**
**Comparative Rankings of Educational Support, by Industry, 1983**



## Comparison by Groupings

Contributions patterns differ among industries, among companies of different sizes and among companies in different marketing areas. Analysis of these patterns provides insights into corporate contributions in 1983.

*By Industry*

The most common comparisons of contributions by industry groupings are of the proportion of total contributions devoted to education and of the ratio of contributions to PTNI.

**Chart 2** (page 11) ranks the industries first according to education's share of their total contributions and then according to the ratio of education support to the industry's worldwide pretax net income.

**Table XI** presents these comparisons and also indicates the ratio of education support and total contributions to worldwide assets. The respondents are almost equally divided as to manufacturing and nonmanufacturing industries. The pretax net income of the manufacturing companies is slightly over twice that of the nonmanufacturers, while the assets of the nonmanufacturing companies are twice as large as those of the manufacturers. These relationships among survey participants have been consistent since the joint survey was begun in 1974.

Giving patterns of manufacturers and nonmanufacturers have not been as consistent, however. In 1983 total contributions of the manufacturing companies were almost three times as large as their nonmanufacturing counterparts. In 1974 the ratio was only two to one. In 1983 support of education by manufacturers was almost five times as large as that of nonmanufacturers. In 1974 the ratio was three to one. The manufacturing companies have steadily increased their emphasis on education, while the nonmanufacturers have turned their attention to other areas. In 1974, 76.4 percent of all education support came from the manufacturing companies; in 1983 they provided 82.3 percent.

The industry rankings on education's share of total contributions are almost identical with those of previous years. The importance of education to various industries does not change significantly from year to year. The percent of PTNI devoted to education, on the other hand, can vary significantly from one year to the next, depending on the profit picture in any given industry.

**Table XI**
**Total Contributions and Support of Education in Relation to Worldwide Pretax Net Income and Assets, 1983**

| Industry | Pretax Net Income (millions) | Assets (millions) |
|---|---|---|
| **MANUFACTURING** | | |
| Chemicals(29) | $ 12,235 | $ 119,236 |
| Electrical Machinery(36) | 18,790 | 142,160 |
| Fabricated Metals(11) | 1,874 | 14,826 |
| Food, Beverage & Tobacco(28) | 10,681 | 74,481 |
| Machinery(20) | 294 | 29,345 |
| Mining(3) | 5 | 1,227 |
| Paper & Allied Products(17) | 1,300 | 26,457 |
| Petroleum & Gas(21) | 40,259 | 325,459 |
| Pharmaceuticals(16) | 4,913 | 29,982 |
| Primary Metals(15) | – 1,002 | 47,316 |
| Printing & Publishing(12) | 1,500 | 11,238 |
| Rubber(8) | 1,140 | 14,926 |
| Stone, Clay & Glass(10) | 901 | 13,009 |
| Textiles & Apparel(11) | 889 | 7,468 |
| Transportation Equipment(17) | 12,052 | 113,215 |
| Total(254) | $105,832 | $ 970,344 |
| **NONMANUFACTURING** | | |
| Banks(54) | $ 6,656 | $ 849,204 |
| Business Services(9) | 1,344 | 12,210 |
| Engineering & Construction(2) | 13 | 959 |
| Finance(5) | 1,021 | 68,318 |
| Insurance(48) | 3,180* | 422,165 |
| Merchandising(16) | 3,964 | 74,269 |
| Telecommunications(18) | 10,875 | 204,651 |
| Transportation(9) | 1,998 | 30,804 |
| Utilities(56) | 16,687 | 214,606 |
| Total(217) | $ 45,738 | $1,877,187 |
| GRAND TOTAL(471) | $151,570 | $2,847,531 |
| 1982 Grand Total(513) | $134,746 | $2,921,421 |

(Numbers in parentheses show the number of companies reporting.)

*Insurance company figures are based on "net gain from operations after dividends to policyholders and before federal income tax, excluding capital gains and losses"—the closest measure to pretax net income of corporations generally.

| Total Contributions (000) | Support of Education (000) | Total Contributions as % of PTNI | Total Contributions as % of Assets | Support of Education as % of PTNI | Support of Education as % of Assets | Education Support as % of Total Contributions | Industry |
|---|---|---|---|---|---|---|---|
| | | | | | | | **MANUFACTURING** |
| $ 157,765 | $ 68,791 | 1.289 | .132 | .562 | .058 | 43.6 | Chemicals(29) |
| 177,982 | 94,736 | .947 | .125 | .504 | .067 | 53.2 | Electrical Machinery(36) |
| 5,763 | 1,957 | .308 | .039 | .104 | .013 | 34.0 | Fabricated Metals(11) |
| 94,694 | 31,339 | .887 | .127 | .293 | .042 | 33.1 | Food, Beverage & Tobacco(28) |
| 23,921 | 8,367 | 8.146 | .082 | 2.849 | .029 | 35.0 | Machinery(20) |
| 691 | 337 | 13.909 | .056 | 6.784 | .027 | 48.8 | Mining(3) |
| 22,261 | 8,007 | 1.712 | .084 | .616 | .030 | 36.0 | Paper & Allied Products(17) |
| 259,015 | 121,093 | .643 | .080 | .301 | .037 | 46.8 | Petroleum & Gas(21) |
| 56,928 | 16,928 | 1.159 | .190 | .345 | .056 | 29.7 | Pharmaceuticals(16) |
| 35,176 | 15,597 | — | .074 | — | .033 | 44.3 | Primary Metals(15) |
| 21,378 | 7,018 | 1.425 | .190 | .468 | .062 | 32.8 | Printing & Publishing(12) |
| 7,702 | 3,281 | .676 | .052 | .288 | .022 | 42.6 | Rubber(8) |
| 13,389 | 3,864 | 1.485 | .103 | .429 | .030 | 28.9 | Stone, Clay & Glass(10) |
| 11,438 | 3,868 | 1.286 | .153 | .435 | .052 | 33.8 | Textiles & Apparel(11) |
| 89,745 | 39,824 | .745 | .079 | .330 | .035 | 44.4 | Transportation Equipment(17) |
| $ 977,850 | $425,008 | .924 | .101 | .402 | .044 | 43.4 | Total(254) |
| | | | | | | | **NONMANUFACTURING** |
| $ 72,626 | $ 19,493 | 1.091 | .009 | .293 | .002 | 26.8 | Banks(54) |
| 9,339 | 3,589 | .695 | .076 | .267 | .029 | 38.4 | Business Services(9) |
| 977 | 239 | 7.400 | .102 | 1.810 | .025 | 24.4 | Engineering & Construction(2) |
| 10,324 | 2,823 | 1.011 | .015 | .276 | .004 | 27.3 | Finance(5) |
| 62,183 | 18,370 | 1.956 | .015 | .578 | .004 | 29.5 | Insurance(48) |
| 56,238 | 6,693 | 1.419 | .076 | .169 | .009 | 11.9 | Merchandising(16) |
| 77,045 | 24,449 | .708 | .038 | .225 | .012 | 31.7 | Telecommunications(18) |
| 13,069 | 3,889 | .654 | .042 | .195 | .013 | 29.8 | Transportation(9) |
| 48,186 | 11,696 | .289 | .022 | .070 | .005 | 24.3 | Utilities(56) |
| $ 349,988 | $ 91,241 | .765 | .019 | .199 | .005 | 26.1 | Total(217) |
| $1,327,838 | $516,249 | .876 | .047 | .341 | .018 | 38.9 | GRAND TOTAL(471) |
| $1,255,464 | $511,725 | .932 | .043 | .380 | .018 | 40.8 | 1982 Grand Total(513) |

**Table XII**
**Contributions by Manufacturing Companies, by Size of Worldwide Pretax Net Income and Assets, 1983**

| Pretax Net Income | % of PTNI | | Support of Education as % of Total Contributions |
|---|---|---|---|
| | Total | Education | |
| Net Loss(26) | | | 37.7 |
| Net Income less than $5 million(4) | 6.165 | 2.491 | 40.4 |
| $ 5 million under $ 10 million(8) | 4.123 | 1.330 | 32.3 |
| $ 10 million under $ 25 million(21) | 1.483 | 0.533 | 35.9 |
| $ 25 million under $ 50 million(20) | 1.234 | 0.457 | 37.0 |
| $ 50 million under $100 million(46) | 1.239 | 0.502 | 40.5 |
| $100 million under $250 million(43) | 1.168 | 0.452 | 38.7 |
| $250 million under $500 million(27) | 1.271 | 0.511 | 40.2 |
| $500 million under $ 1 billion(21) | 0.917 | 0.315 | 34.4 |
| $ 1 billion and over(24) | 0.716 | 0.340 | 47.6 |
| All Manufacturing Companies(254) | 0.924 | 0.402 | 43.4 |
| **Assets** | | | |
| $ 25 million under $ 50 million(2) | 0.504 | 0.256 | 50.8 |
| $ 50 million under $100 million(3) | 0.254 | 0.045 | 17.6 |
| $100 million under $250 million(33) | 0.131 | 0.042 | 32.1 |
| $250 million under $500 million(33) | 0.138 | 0.044 | 31.9 |
| $500 million under $ 1 billion(34) | 0.097 | 0.035 | 35.7 |
| $ 1 billion under $ 2.5 billion(46) | 0.114 | 0.042 | 36.6 |
| $2.5 billion under $ 5 billion(42) | 0.108 | 0.038 | 35.1 |
| $ 5 billion under $ 10 billion(26) | 0.107 | 0.049 | 45.4 |
| $ 10 billion and over(21) | 0.091 | 0.043 | 47.0 |
| All Manufacturing Companies(254) | 0.924 | 0.402 | 43.4 |

(Numbers in parentheses show the number of companies reporting.)



*By Company Size*

Company size, especially of manufacturing companies, affects contributions patterns (see **Table XII**). The medians for these companies indicate that half of them have pretax net incomes above $127.9 million and assets greater than $1.49 billion. Median profits are 38.7 percent larger than in 1982, obviously the result of the improved economic situation in 1983. The median asset size is also somewhat larger than in 1982.

In general, the ratios of contributions to measures of corporate size are inverse: the larger the company, the smaller the ratios. On the other hand, larger companies generally allocate a larger share of their contributions to education than do the smaller ones, especially the manufacturers.

The 1983 survey confirms these ratios. The patterns have remained fairly constant, in both recessions and years of high profits.

*By Marketing Area*

Companies in different geographic locations also exhibit different giving patterns. This is especially true of areas with high concentrations of a single industry—for example, tires in Akron, automobiles in Detroit, steel in Pittsburgh. **Table XIII** compares 21 marketing areas with respect to the two most commonly used measures of education support: the ratio of education support to PTNI and education's share of total contributions.

Although the various areas usually change ranks each year, many of them do not move more than one or two positions. If the rankings are divided into thirds, and marketing areas that are ranked 1 through 7 are assigned to the top third, areas with rankings between 8 and 14 to the middle third, and those ranked from 15 to 21 to the lowest third, the degree of consistency in rankings for the last five years is remarkable.

Ranked by the ratio of education support to PTNI: 7 marketing areas have been in the same third for five years; 4 have moved out of the same third only once in five years. Rankings by share of education to total contributions are even more stable: 8 areas have been in the same third all five years, and 7 have moved out only once in the five-year period.

Those ranked in the same third for five years with respect to the share of PTNI devoted to education are:

*Top third:* Boston, Minneapolis–St. Paul

*Middle third:* New York area, Philadelphia

*Lowest third:* Dallas–Fort Worth, Indianapolis, Kansas City

The areas ranked in the same third for five years according to education's share of total contributions are:

*Top third:* Boston, Cincinnati–Dayton, Detroit, Houston

*Middle third:* Hartford

*Lowest third:* Baltimore, Indianapolis, Kansas City

There is very little consistency between the two measures, however. As can be seen, only three areas are in the same thirds on both measures: Boston in the top third and Indianapolis and Kansas City in the lowest third.

**Table XIII**
**Support of Education by Major Marketing Areas, 1983**

| Marketing Area | Worldwide Pretax Net Income (millions) | Support of Education (000) | Support of Education as % of PTNI | | Total Contributions (000) | Support of Education as % of Total Contributions | |
|---|---|---|---|---|---|---|---|
| | | | % | Rank | | % | Rank |
| Akron(5) | $ 1,175 | $ 2,798 | .238 | 16 | $ 6,556 | 42.7 | 7 |
| Baltimore(8) | 193 | 1,367 | .708 | 4 | 4,488 | 30.4 | 15 |
| Boston(13) | 1,462 | 10,028 | .686 | 5 | 19,533 | 51.3 | 2 |
| Chicago(38) | 10,236 | 20,598 | .201 | 17 | 66,146 | 31.1 | 14 |
| Cincinnati-Dayton(11) | 1,998 | 15,142 | .758 | 2 | 29,260 | 51.7 | 1 |
| Cleveland(11) | 3,589 | 12,600 | .351 | 8 | 27,283 | 46.2 | 5 |
| Dallas-Ft. Worth(7) | 1,362 | 2,502 | .184 | 18 | 10,111 | 24.7 | 19 |
| Des Moines(4) | 179 | 811 | .452 | 7 | 1,895 | 42.8 | 6 |
| Detroit(8) | 9,838 | 28,632 | .291 | 13 | 56,290 | 50.9 | 3 |
| Hartford(7) | 1,450 | 7,917 | .546 | 6 | 23,245 | 34.1 | 12 |
| Houston(9) | 5,387 | 15,883 | .295 | 12 | 31,654 | 50.2 | 4 |
| Indianapolis(4) | 1,040 | 1,256 | .121 | 20 | 9,418 | 13.3 | 21 |
| Kansas City(2) | 348 | 273 | .078 | 21 | 998 | 27.3 | 17 |
| Los Angeles(19) | 9,797 | 29,191 | .298 | 10 | 85,006 | 34.3 | 11 |
| Milwaukee(6) | 542 | 705 | .130 | 19 | 3,725 | 18.9 | 20 |
| Minneapolis-St. Paul(14) | 2,660 | 26,349 | .991 | 1 | 67,988 | 38.8 | 10 |
| New York, Westchester, Southern CT/NJ(86) | 56,017 | 172,412 | .308 | 9 | 422,239 | 40.8 | 9 |
| Philadelphia(22) | 6,624 | 19,690 | .297 | 11 | 61,681 | 31.9 | 13 |
| Pittsburgh(11) | 2,410 | 17,900 | .743 | 3 | 43,121 | 41.5 | 8 |
| St. Louis(6) | 3,415 | 8,156 | .239 | 15 | 31,158 | 26.2 | 18 |
| San Francisco(11) | 6,396 | 16,765 | .262 | 14 | 57,897 | 29.0 | 16 |

(Numbers in parentheses show the number of companies reporting.)

# Appendix

## Problems of Measuring Total Corporate Contributions

At the present time the only nationwide data on total corporate philanthropy in the United States are those tabulated by the Internal Revenue Service (IRS) from the corporate income tax returns filed each year. In some instances these figures include monies that were not actually paid to donees in that year, and in other cases they do not include all of the contributions dollars received by charitable organizations in the year.

Although the magnitude of the differences between the IRS figures and actual contributions is not now known, this survey is collecting data that may make future estimates possible. It is already evident that the differences are significant and that they vary from year to year, depending on business conditions, earnings on the assets of corporate foundations, tax regulations and other elements. Four factors contribute to the differences.

1. The figures reported by corporations on their income tax returns *include* contributions to company-sponsored foundations but *exclude* the gifts and grants made by these foundations. Company foundations were established primarily to insulate the flow of contributions from the ups and downs of the business cycle. Typically, therefore, the amounts given by a company to its foundation in a prosperous year will exceed the contributions made by that foundation, thus enabling the foundation to add to its reserve against leaner times. The IRS figures in this year will overstate the amounts actually given to donees. Conversely, in depressed times when company payments either slow or stop completely, the foundation will draw upon its reserves to maintain the level of its contributions program. The IRS figures for these years will understate actual gifts.

2. The tax code allows for carryovers of contributions from past years and into the future, thus distorting reported amounts of gifts and grants. The tax code provides that certain exclusions and deductions, not ordinarily recognized by generally accepted accounting principles, may be used by corporations in calculating their taxable income. These provisions can result in taxable income that is significantly lower than pretax net income. The code also provides that up to 10 percent of taxable income can be deducted for charitable contributions for taxable years starting after December 31, 1981. Anytime contributions exceed this allowable percentage, the excess contributions can be carried into the following years (Section 170(d) (2) ). An unknown portion of the amount reported by corporations to the IRS *includes* excesses from previous years and *excludes* amounts paid during the current year that are being carried forward.

3. Many companies use the right to "prepay" contributions, as provided in Section 170(a) (2) of the tax code. Under certain circumstances contributions made in the first two and a half months of a year may be taken as a deduction from the prior year's income. An undetermined amount of the contributions reported to the IRS includes funds that were actually disbursed in the following year.

4. Special provisions allow mutual insurance companies, mutual savings banks, savings and loan associations and similar corporations to compute income taxes without reference to charitable contributions. These companies do not have to report their contributions when filing their tax returns. The size of these omissions is not known, but their effect is to cause the IRS figures to understate contributions.

It is clear therefore that the amount actually received by charitable organizations in any given year will differ from the amount tabulated by the IRS from corporate income tax returns for that year. Although the size of the difference is not known, 26 percent of the respondents to the 1983 survey indicated that the amounts reported on the company tax return were not the same as those reported in the survey.

## Definitions: Contributions

Because of the problems with IRS contributions data outlined above, this report contains figures with different bases. The national contributions totals in Table I are from the IRS; all other figures on total contributions and support of education are based on figures reported by the respondents and *include* gifts and grants made by their company-sponsored foundations, as well as contributions made directly by the companies themselves, but *exclude* payments by the companies into their foundations. Most of these figures are for payments actually made during the year and exclude any carryovers or prepayments reported for income tax purposes.

## Definitions: Financial Data

The information regarding assets and pretax net income is what the survey respondents reported in their consolidated financial statements. It includes dollars derived from overseas sources as well as from domestic operations. The data for companies without international operations are included in the "worldwide" figures. A number of companies, however, expressed an interest in information related only to operations in the United States since most contributions are limited to institutions in this country. A few comparisons are made using these domestic data, although worldwide figures are used in most of the analyses. The Conference Board's *Annual Survey of Corporate Contributions* includes additional tables with detailed comparisons of "U.S. Only" data.

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